

THE BOARD OF TRUSTEES OF THE  
COLLEGE SAVINGS PLANS OF NEVADA

MINUTES OF BOARD MEETING  
July 23, 2015

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Chairman Dan Schwartz, State Treasurer, called the meeting of the Board of Trustees of the College Savings Plans of Nevada to order at 10:00 a.m., on Thursday, July 23, 2015. The meeting was held by conference call from the Nevada State Capitol, 101 North Carson Street, Guinn Room, Carson City, Nevada to the Grant Sawyer Building, 555 East Washington Avenue, Suite 5100, Las Vegas, Nevada. Other attendees participated in person or by conference call.

Board members present:

Chairman Dan Schwartz – Las Vegas  
Bob Seale – Carson City  
Jamie Hullman – Carson City  
Ned Martin – Las Vegas  
Janet Murphy – Carson City

Others present:

Grant Hewitt, Chief of Staff, Treasurer's Office  
Tara Hagan, Chief Deputy Treasurer  
Linda J. English, Deputy Treasurer for College Savings  
Sheila Salehian, Deputy Treasurer for Prepaid Tuition & Financial Literacy  
Shane Chesney, Nevada Attorney General's Office  
Blanca Platt, Program Officer, Treasurer's Office  
Troy Watts, Marketing Coordinator, Treasurer's Office  
Tricia Brady, Ascensus College Savings  
Lisa Connor, Ascensus College Savings  
Judy Minsk, Putnam Investments  
Tom Hewitt, Vanguard  
Ken Alberts, Gabriel, Roeder and Smith  
Gina Robison-Billups, Women's Money Conference

Roll was taken, and it was determined a quorum was present. Ms. English indicated the meeting had been properly noticed and the agenda was posted in accordance with the Open Meeting Law in both Carson City and Las Vegas.

1. Public Comment

There was no public comment in Las Vegas or Carson City.

Consent Agenda

2. For possible action: Board review and approval of the College Savings Board minutes of June 24, 2015.
3. For possible action: Board review and approval of the Ascensus marketing expenditures for the SSgA Upromise 529 Plan for the quarter ending June 30, 2015, and approve the expenditures for inclusion in the non-cash marketing commitment budget.
4. For possible action: Board review and approval of the auditors selected by each of the Nevada College Savings Plans program managers to conduct annual audits for FY15 for the SSgA Upromise 529 Plan, the Vanguard 529 Plan, the Putnam 529 Plan for America, and the USAA Plan.
5. For possible action: Board review and approval of the audit scope letter dated June 15, 2015 from Eide Bailly that summarizes the significant terms of engagement for the FY15 audit of the Higher Education Tuition Trust Fund (Nevada Prepaid Tuition Program).
6. For possible action: Board review and approval of a supplement to the Vanguard 529 College Savings Plan Program Description which reflects an increase to 40% international equity in the age-based and static portfolios; and the replacements of TIPS with Short Term TIPS in Income Portfolio.
7. For possible action: Board authorize Treasurer's Office Staff to begin vetting an opportunity with Ascensus College Savings to possibly add a new private label 529 plan to the College Savings Plans of Nevada current line-up.

Bob Seale requested to discuss Agenda Items 3, 4, 5 and 7. Ned Martin motioned to approve the consent agenda excluding Agenda Items 3, 4, 5 and 7. Bob Seale seconded the motion.

3. For possible action: Board review and approval of the Ascensus marketing expenditures for the SSgA Upromise 529 Plan for the quarter ending June 30, 2015, and approve the expenditures for inclusion in the non-cash marketing commitment budget.

Bob Seale inquired about the cost of the program manager. Linda English explained that Agenda Item 3 just contains the marketing invoice. The program manager fee is



paid though the asset based fees; therefore, their fees are not included in this invoice. Ned Martin motioned to approve this item. Jamie Hullman seconded.

4. For possible action: Board review and approval of the auditors selected by each of the Nevada College Savings Plans program managers to conduct annual audits for FY15 for the SSgA Upromise 529 Plan, the Vanguard 529 Plan, the Putnam 529 Plan for America, and the USAA Plan.
5. For possible action: Board review and approval of the audit scope letter dated June 15, 2015 from Eide Bailly that summarizes the significant terms of engagement for the FY15 audit of the Higher Education Tuition Trust Fund (Nevada Prepaid Tuition Program).

Bob Seale requested to discuss Agenda Item 4 and 5 together. Mr. Seale wished to know who in the State Treasurer's Office Staff is preparing the financial statements. Linda English explained that Staff does not compile any financial statements; they are all done through the program managers. Tara Hagan, Chief Deputy Treasurer, added that Staff provides and reviews the financial statements for the Nevada Prepaid Tuition.

Bob Seale motioned to approve Agenda Items 4 and 5. Ned Martin seconded the motion.

7. For possible action: Board authorize Treasurer's Office Staff to begin vetting an opportunity with Ascensus College Savings to possibly add a new private label 529 plan to the College Savings Plans of Nevada current line-up.

Bob Seale wanted to know what the difference was between the current plans and this possible option. Linda English clarified that this item is simply requesting authorization to explore different options. Grant Hewitt added that Staff is always looking for different options that will benefit the State.

Ned Martin motioned to approve Agenda Item 7. Janet Murphy seconded the motion.

#### Discussion Agenda

8. For possible action: Board review and approval of Amendment 1 to the Putnam Nevada Scholarship Program Agreement and/or Amendment 3 to the Investment Management, Marketing and Administrative Services Agreement Amendments for Putnam. These amendments modify certain provisions in the contract including future contract renewal, exclusivity and the funding level for the scholarship program.

Linda English explained that the agreement between Putnam and the Board automatically extends from September 30, 2015 to October 1, 2020 unless either party informs the other that they no longer wish to continue with the agreement. Ms. English

discussed the changes implemented in Amendment 1 and Amendment 3. Amendment 1 modifies the Nevada Scholarship Program Agreement. Amendment 3 simplifies the marketing commitment, and it also establishes the dates for the next automatic extension. Amendment 3 also eliminates the exclusivity to the State of Nevada. This allows Putnam to partner with other states under the condition that they do not offer a lower Investment Management Fee. Amendment 3 establishes that Putnam will, from its own funds, pay the State Management Fee for participants who are Nevada residents. Linda English explained that Staff has reviewed the Amendments and that they recommend approving them.

Ned Martin asked Judy Minsk as to why Putnam did not achieve the volume they expected. Judy Minsk responded that their projections included a high level assumption in the market. However, when Putnam compares their growth to the one in the market, theirs is still higher than the market.

Ned Martin motioned to approve Agenda Item 8. Jamie Hullman seconded. Bob Seale voted no. Motion passed 4-5.

9. For possible action: Board review and approval of the 2015 Nevada Prepaid Tuition Program fee schedule.

Sheila Salehian explained that the fee schedule will remain the same as last year with the exception of a higher payoff discount rate for early contract payoff. Staff recommends increasing the discount rate to 6.25%.

Dan Schwartz directed Staff to complete an analysis of the early payoff balance discounts and contract structure in 2016 prior to the next open enrollment period in fiscal year 2017.

Ned Martin motioned to approve this item. Bob Seale seconded.

10. For possible action: Board review and approval of the Nevada Prepaid Tuition Program funded status policy guideline document.

Ken Alberts from Gabriel, Roeder and Smith explained that at the May 4, 2015, the Board advised GRS to create Prepaid Tuition Funded Status Guidelines. Mr. Alberts asked the Board to review and approve the guidelines they developed.

Bob Seale motioned to approve Agenda Item 10. Ned Martin seconded the motion.

11. For possible action: Board to direct staff to pursue various amendments to Nevada Administrative Code Chapter 353B, Nevada Higher Education Prepaid Tuition Program.



Sheila Salehian explained that Staff is recommending the Board to direct Staff to begin the process of amending the Nevada Higher Education Prepaid Tuition Program regulations as a means of making the program more attractive. These regulations would allow participants to rollover the remaining credit hours to a 529 savings plan. The amendment would also allow out of state users to be paid at the maximum Nevada rate at all out of state institutions. The regulations would also allow participants to receive an automatic refund and added payment flexibility. Ned Martin expressed concern that if the program were changed to pay out remaining credits or unused accounts at current tuition rates, then that change represents a fundamental change to the program itself. Mr. Martin would much rather see the program explore paying fees or other college expenses, in lieu of paying credit hour value at current tuition rates. Jamie Hullman asked what the actuarial impact would be on paying Nevada rates on all out of state tuition invoices if that recommendation were adapted. Ken Albert's from GRS explained that there would not be any actuarial impact, as today's assumptions built into the actuarial review, assume that the Nevada rates are paid to all out of state institutions. Due to the complexity and potential structure changes to the Nevada Prepaid Tuition Program if leftover or unused credits were converted to current tuition value, the board tabled the item, as noted below.

The Board decided to table this item, and requested that Staff return with further information at a later College Savings Board meeting.

12. For possible action: Board review of the 4<sup>th</sup> annual Women's Money Conference report on the conferences that concluded in February and April, 2015.

Gina Robison-Billups presented a report on the Women's Money Conference that was held in February and April 2015 in Reno and Las Vegas. She added that since the conferences have been so successful, they are now exploring doing conferences for senior citizens and military veterans.

Ned Martin motioned to approve Agenda Item 12. Bob Seale seconded.

13. Staff Notes

Grant Hewitt, Chief of Staff, announced that the umbrella campaign for all college savings programs will launch on August 20, 2015. Mr. Hewitt explained that the campaign includes a new mascot by the name of Sage, an update to the program logos, as well as a bus tour that will visit schools throughout Nevada.

14. Public Comment

There was no public comment in Las Vegas or Carson City.

Hearing no further business, Chairman Schwartz adjourned the meeting at 11:15 a.m.

Attest:



Linda English, Secretary to the Board